



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



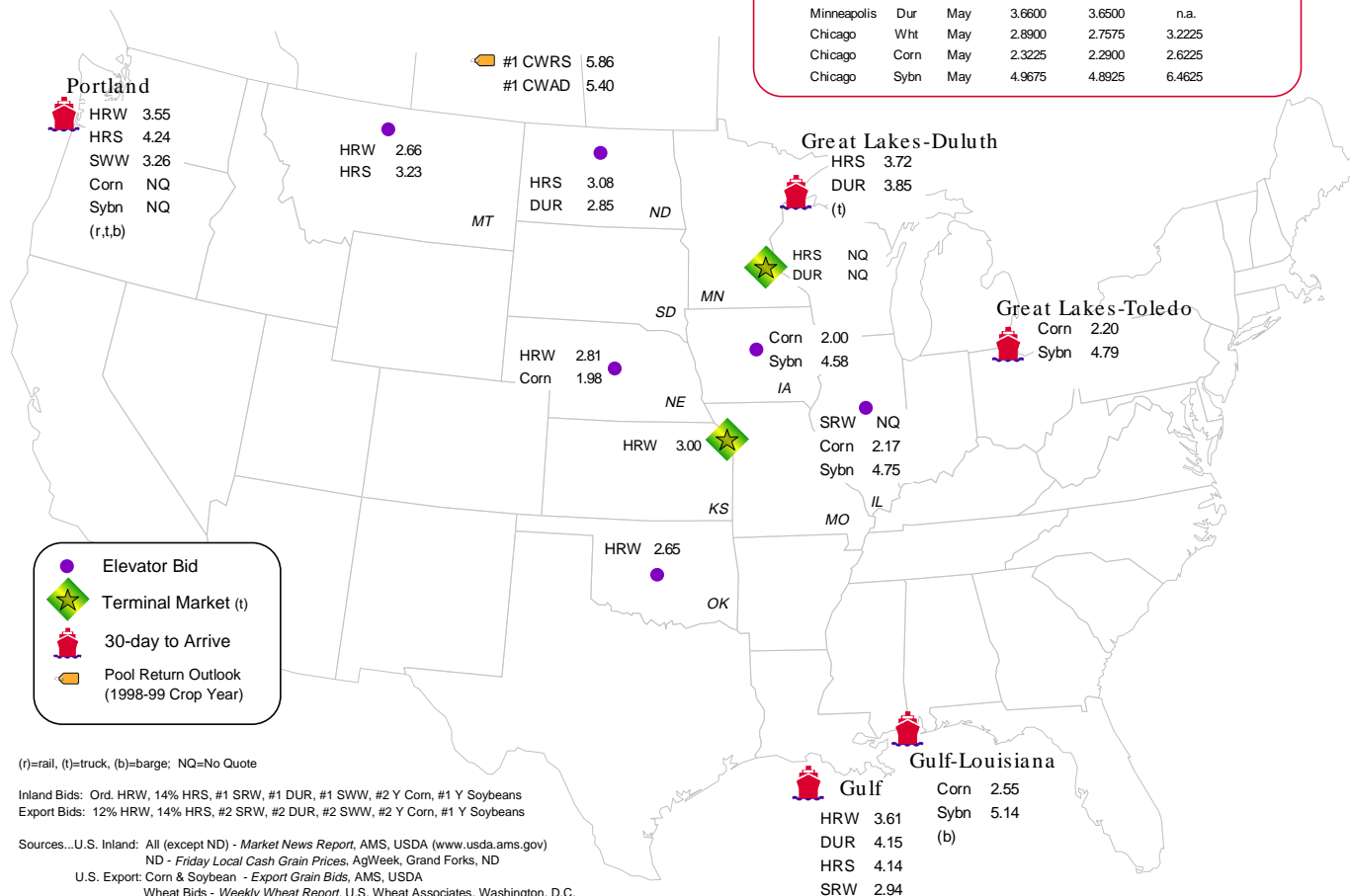
MARCH 29, 1999

NGFA Assesses Agriculture Industry During Annual Meeting. The National Grain and Feed Association (NGFA) held its 103d annual convention in San Francisco, CA, March 20-23. The meeting focused on agricultural issues related to transportation, foreign trade, and domestic agricultural policy. Surface Transportation Board chairperson, Linda Morgan, addressed the challenges in **rail transportation** and the necessity of government and private sector interaction in resolving problems and misperceptions between agriculture and the rail industry. She offered eight guiding principles including the need for responsive rail service for all users and the importance of stability and predictability. Ed Hamberger, Association of American Railroads (AAR) president, also noted the uncertain nature of the grain business. He maintained that Government should not consider reregulation of railroads, but instead, railroads should heavily invest to improve service. Speakers generally provided a positive outlook for U.S. **agriculture and world trade**. Morton Sosland, Editor-in-Chief, Milling and Baking News, considered the growing world population and projected income as solid reasons for this optimism as well as increasing demand in several grain-based food sectors. He believes biotechnology will provide the greatest revolution for agriculture and that marketing barriers and consumer skepticism will eventually be eliminated. Carol Brookins, Chairman and CEO of Washington, DC-based World Perspectives Inc., stated the belief that the most promising potential grain demand will be from Asia, such as Japan and China, where pollution is a limiting factor for domestic production, as well as North Africa and the Middle East, where water shortages will likely mean an increased need for agricultural imports. She felt strongly that a dramatic population growth in the Islamic countries will hold very strong potential for U.S. market growth. The Asian financial crisis, at least in northern regions of Asia, is seen as having bottomed out. Other areas, such as Indonesia, are likely to remain unstable through the end of the year. To this point, she emphasized that "Asia is not Asia," meaning that each country has different cultures, traditions, histories, problems, and solutions. Finally, Ms. Brookins stated that sanitary and phytosanitary issues were expected to be at the center of future trade disputes. Charles Johnson, President of Pioneer Hi-Bred International, Des Moines, IA, echoed these comments, saying that the U.S. value system emphasizes higher production and cheaper food, while Europe places more emphasis on food safety issues. He feels that increased value will be derived mostly from harvest/acre rather than biotechnology, but there will be an increased emphasis on specialty markets, and bulk shipments will be more clearly defined. He does not, however, expect transportation and logistics to be effected dramatically. The Honorable Charles Hagel (R-Neb.) touted the historical strengths of the agricultural industry and emphasized the interdependence of all policies-foreign, economic, domestic, etc. He stated that, with sanctions, our agricultural policy is being held hostage to our foreign policy. The Senator also reminded the audience that fast track has been absent since 1994 and that, while other foreign relationships are developing, the U.S. is being left behind, especially now that China, South America and Africa are gaining strength, and Russia is expected to recover from its economic problems. Under Secretary of Agriculture for Farm and Foreign Agricultural Services, Gus Schumacher, spoke on international trade and **domestic farm policy issues**. He discussed several key points under the Administration's crop insurance plan for risk management. The plan includes making high-level coverage more affordable, covering multiyear disasters, raising the coverage floor, including provisions for protecting livestock, and improving the noninsured assistance program (NAP). The proposal, according to NGFA, will cost approximately \$2.5 billion annually during a 5-year period. (testimony on crop insurance may be accessed through the NGFA homepage at <http://www.ngfa.org>). The Under Secretary stated that exports remain the driving force for prosperity and that our NAFTA partners have compensated for some U.S. exports during the Asian crisis. Still, doubling the use of the export credit guarantee programs (GSM) and wheat donations were seen as important to the U.S. grain market. NGFA President Kendall Keith offered perspectives on the Association's role in the free enterprise system and several key issues likely to affect the grain industry in 1999. Topics include new rules which eliminate phosphine as an intransit fumigant, trade issues such as fast track and sanction reform, the economic problems of free enterprise farm policy, and mandatory, Government-imposed safety health programs. The NGFA position is that the Government should maintain the Freedom to Farm program, allow producers freedom to market, drop the harbor maintenance tax, reform the Jones Act, and provide a broader, more balanced approach to risk management by increasing the use of private sector solutions.

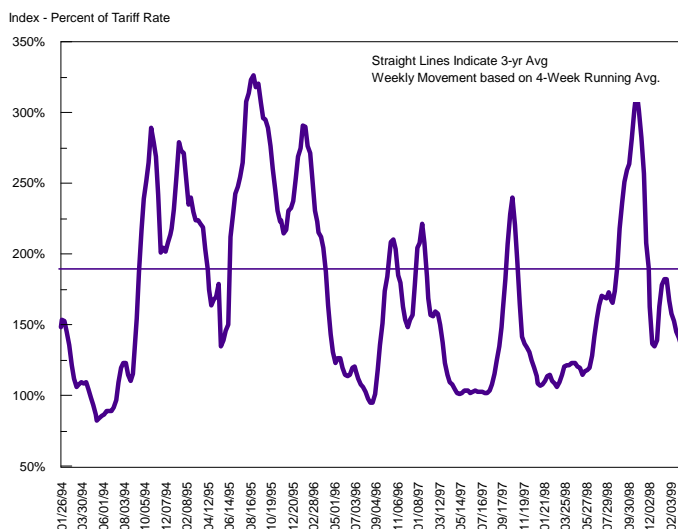
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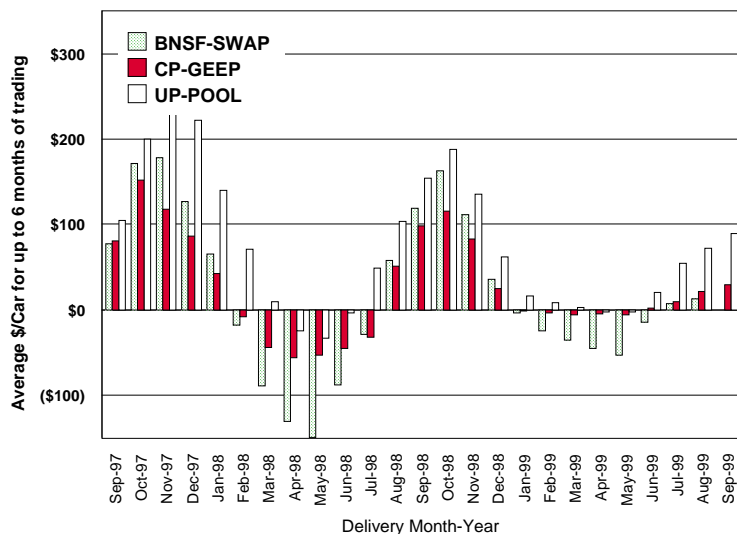
Grain Bid Summary



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Apr-99		May-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,764	13%	5,400	6%
UP-GCAS	5,400	2%	5,400	3%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Apr-99	May-99	Jun-99	Jul-09
BNSF-GF	\$0	\$(36)	\$(17)	\$12
CP-GEEP	\$(8)	\$(10)	\$1	\$18
UP-Pool	\$0	\$(5)	\$5	\$39

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Apr-99	May-99	Jun-99
COT/N. Grain	no offer	no offer	no offer
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

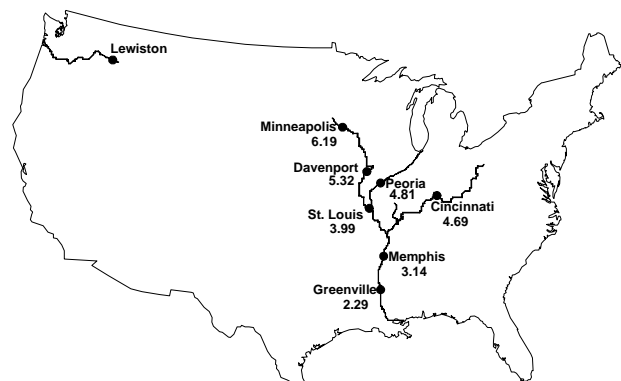
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
3/26/99	Illinois River	nwk	175
	St. Louis	nwk	135
		Jan.	105
	Mid Miss	nwk	185
	Ohio River	twk	130

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week
nwk=next week**Southbound Barge Freight Spot Rates**

	3/24/99	3/17/99	April '99	June '99
Twin Cities	221	nq	206	185
Mid-Mississippi	193	165	170	151
Illinois River	183	154	159	141
St. Louis-Cairo	150	120	128	118
Lower Ohio	143	120	127	124
Cairo-Memphis	143	113	120	113

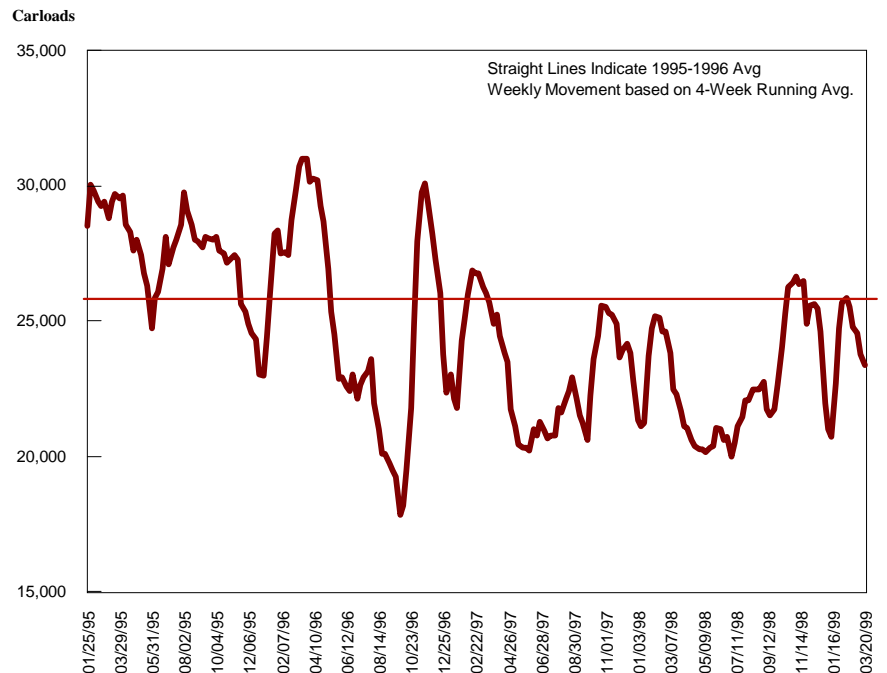
Source: Transportation & Marketing /AMS/USDA
nq- no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
3/6/99	25,312
3/13/99	22,394
3/20/99	22,549
Year to Date - 1999	268,578
Year to Date - 1998**	262,692
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: American Association of Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

	Conrail		CSXT		East		West		Canada	
					IC	NS	BNSF	KCS	CN	CP
03/20/99	903	2,338			1,424	2,539	7,797	647	1,998	2,540
This Week Last Year	710	2,436			1,499	2,583	8,414	776	3,238	5,040
1999 YTD	8,836	28,714			16,074	28,901	92,864	7,880	21,370	31,459
1998 YTD*	8,764	27,631			14,288	28,891	100,851	8,141	31,280	47,599
1997 Total**	29,834	118,581			80,255	124,834	428,243	34,690	171,428	272,156
1996 Total	31,733	111,509			48,695	131,568	432,687	30,009	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

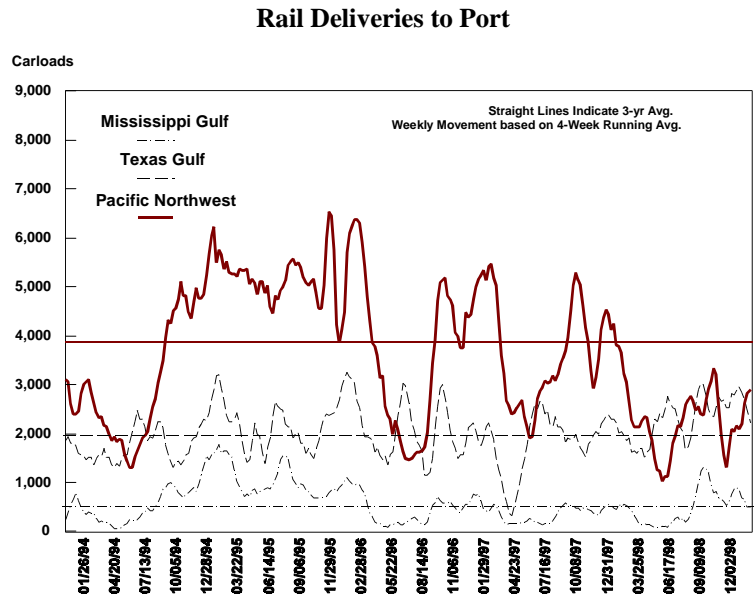
March 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
03/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$19.51	\$0.65
03/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$40.31	\$1.33
03/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$16.79	\$0.56
03/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,226	\$38.35	\$1.27
03/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$38.16	\$1.26
03/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
03/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
03/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
03/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
03/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

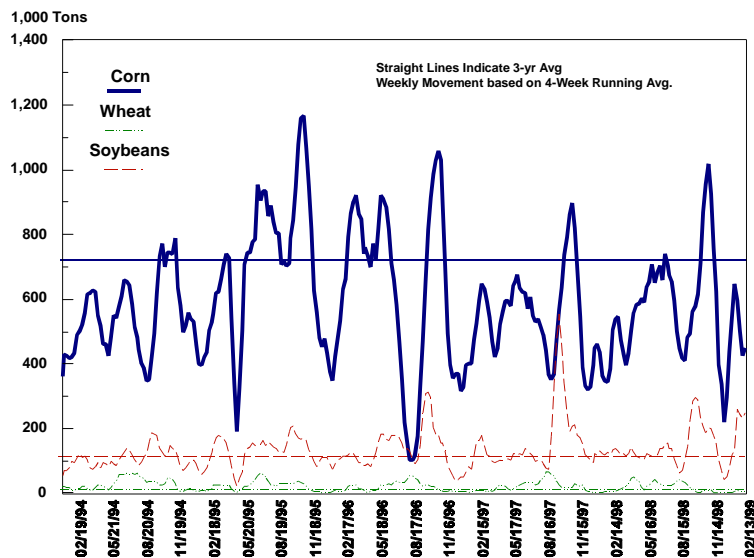
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
02/10/99	898	2,914	2,447	291
02/17/99	673	3,238	2,183	375
02/24/99	462	2,642	2,631	580
03/03/99	606	2,061	3,190	179
03/10/99	331	2,069	3,324	846
03/17/99	655	2,106	2,426	390
YTD 1999	7,502	28,979	26,090	4,735
YTD 1998	5,035	24,212	42,871	4,032
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				



***Note:** Due to technical difficulties, data revisions have had to be made to the above data, dated back to 02/03/99.

Barge Movements - Locks 27



Barge Grain Movements

for week ending 03/20/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	226	0	21	247
Winfield, MO (L25)	286	0	91	380
Alton, IL (L26)	649	3	175	830
Granite City, IL (L27)	639	13	180	835
Illinois River (L8)	320	0	71	393
Ohio (L52)	44	17	18	145
Arkansas (L1)	0	35	0	35
1999 YTD	4,798	212	1,780	7,810
1998 YTD	4,927	241	1,447	7,818
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
03/18/99	1,595	695	999	610	227	4,126	7,392	2,765	14,283
This Week Year Ago	1,504	211	1,023	532	197	3,467	6,894	2,037	12,398
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	8,486	1,660	5,305	4,630	760	20,841	25,468	15,663	61,972
97/98 YTD	7,907	4,474	5,008	4,668	1,061	23,119	20,540	17,713	61,372
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
03/25/99	191	193	5	138	694	301	92	0	4
1999 YTD	2,450	1,786	67	1,242	8,095	4,434	1,632	149	570
1998 YTD *	2,220	1,847	314	1,503	6,028	5,573	1,360	24	457
% of Last Year	23%	41%	10%	25%	26%	30%	22%	26%	41%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

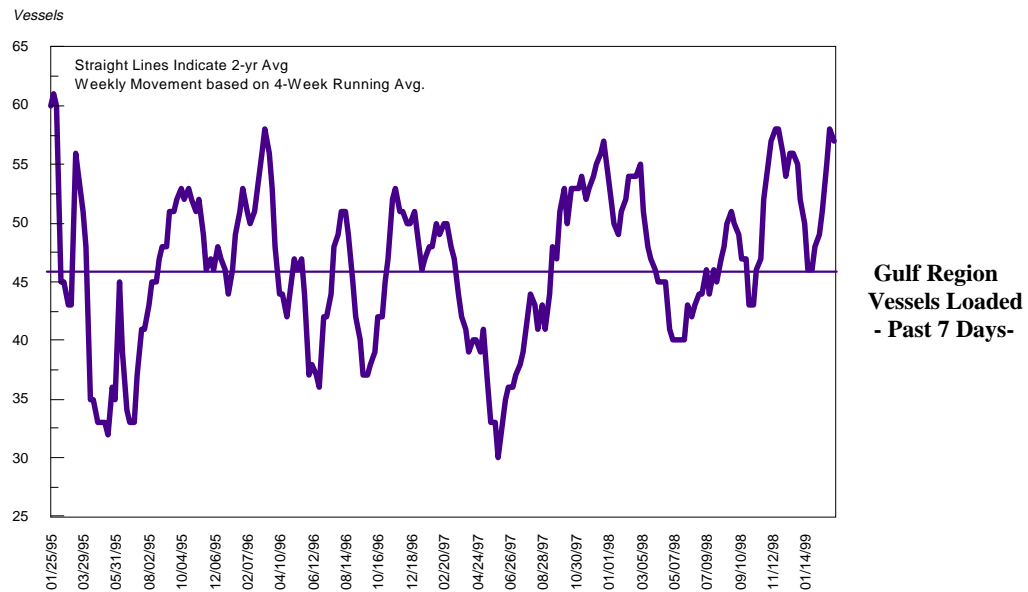
Source: Federal Grain Inspection Service * YTD-Year-to-Date ('98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

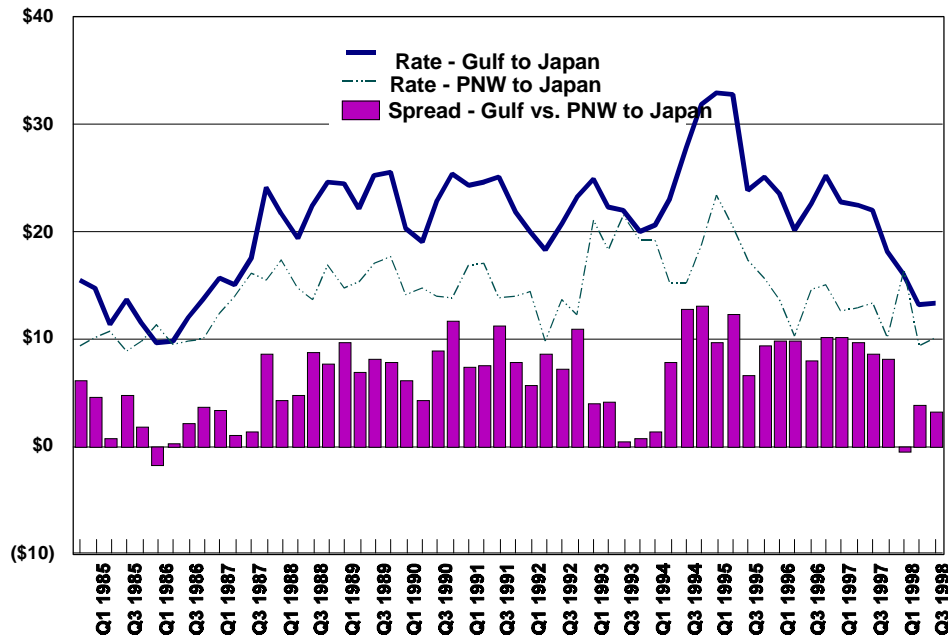
	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 03/25/99			
Vancouver	2,806	624	248
Prince Rupert	1,207	7	0
Prairie Direct	586	304	162
Thunder Bay	295	93	144
St. Lawrence	1,231	1,143	0
1999 YTD Exports	6,434	2,180	554
1998 YTD Exports	11,307	2,708	1,594
% of Last Year	57%	81%	35%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
		Loaded	Due Next		Loaded	Due Next		Loaded	Due Next
	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>	<u>In Port</u>	<u>7-Days</u>	<u>10-Days</u>
03/18/99	28	44	57	8			20	7	3
03/25/99	30	55	68	7			11	14	4
1998 Range	(19..62)	(34..64)	(40..93)						
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1998 4 th Qtr	1997 4 th Qtr	% Change		1998 4 th Qtr	1997 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$13.33	\$22.01	-39%	Japan	\$10.17	\$13.34	-24%
Mexico	\$14.41	\$13.97	3%	Red Sea/ Arabian Sea		\$20.18	
Venezuela	\$10.87	\$13.59	-20%				
N. Europe	\$8.81	\$11.34	-22%	Argentina to			
N. Africa	\$15.26	\$14.80	3%	N. Europe	\$12.56	\$16.12	-22%
				Japan		\$23.23	

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 03/27/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Great Lakes	Poland	Heavy Grain	April/May	18,000	\$23.50
Gulf	Mexico	Heavy Grain	March	20,000	\$11.50
Tampa	Amsterdam	Heavy Grain	March	30,000	\$15.00
Gulf	Egypt (Med.)	Heavy Grain	March/April	60,000	\$9.50
Gulf	Sri Lanka	Wheat	March	50,000	\$18.00
Gulf	South Korea	Heavy Grain	April	52,000	\$15.30
Gulf	China	Heavy Grain	April	55,000	\$14.80
PNW	Turkey	Heavy Grain	March	30,000	\$19.00
PNW	Japan	Heavy Grain	April	42,000	\$12.50
Brazil	Morocco	Heavy Grain	April	24,000	\$20.50

Source: Maritime Research Inc.